

GUIDE TO WORKFORCE PLANNING FOR THE STATE OF CALIFORNIA



Why is Workforce Planning Important?

Statistics reflect that 35% or more than 80,000 of our 237,000 State employees are eligible for retirement in the next five years. Some independent studies have estimated that this number could be much higher, as high as 49%, or 100,000 State employees. We have a personnel crisis on our hands and we need to do something about it.

Anywhere you go in the business world today you're almost certain to hear the buzz about "workforce planning." It's also likely there is a sense of urgency surrounding the discussions, as phrases such as "baby boomer," "knowledge drain," "competencies," and "gap analysis" is tossed about.

This guide is meant to be a tool to use as you develop your workforce plan. It is designed for every state agency's use. It is flexible enough to allow you to customize the process for your unique needs and organizational culture.

WHAT IS WORKFORCE PLANNING?

The most common, succinct definition may be:

Having the right number of people with the right skills, experiences, and competencies, in the right jobs, at the right time.

Workforce planning requires you to base human resource decisions on a long-term strategic plan. It involves systematically addressing the issues driving workforce change, as with any strategic planning, the process draws together program management, human resources, budget, program staff, and when appropriate, unions.

Workforce planning addresses staffing needs by:

- Linking human resources planning with strategic planning - assuring that human resources are aligned with the agency/division's strategic goals
- Understanding how agency/division functions will change over time
- Understanding how changes in functions will affect job requirements
- Understanding how the workforce demographics, skills, interests, and performance are changing
- Understanding how well the current workforce is prepared for future job requirements and identifying potential gaps
- Developing strategies, including recruitment, retention, and training, to address staffing needs, based on the gaps

Workforce planning requires strong leadership and cooperative supportive efforts of staff in every functional area. Strategic planning, budget, and human resources staff are key players in workforce planning. As an example, Human Resources staff provides tools for identifying needed competencies and for

building the future workforce through strategic recruitment, orientations, exams, training, performance development, career development, leadership development, upward mobility, and retention techniques.

While workforce planning is not new, the challenges we currently face are new. It is critical to begin carefully and to validate analysis at each step. Large organizations should begin with a subset of the workforce and expand the effort as they develop skills and experience. For example, you may start with developing a workforce plan for one specific program within a division, as opposed to the entire division.

The key step is to start the process with a team of people who look at the steps in this model and begin a planning process for your agency.

WORKFORCE PLANNING vs. SUCCESSION PLANNING

Besides the term "workforce planning," you also may have heard the term "succession planning," and wondered if it meant the same thing. While many entities do seem to be using the terms interchangeably, we have chosen to define them as two distinct processes:

The goal of *Workforce Planning* is to have the right people, across the organization, in the right place at the right time. *Succession Planning* is an important subset of workforce planning. Its goal is the same, but its focus is specifically on having the right *leadership* in place at every level of the organization."

Key Elements of Workforce Planning

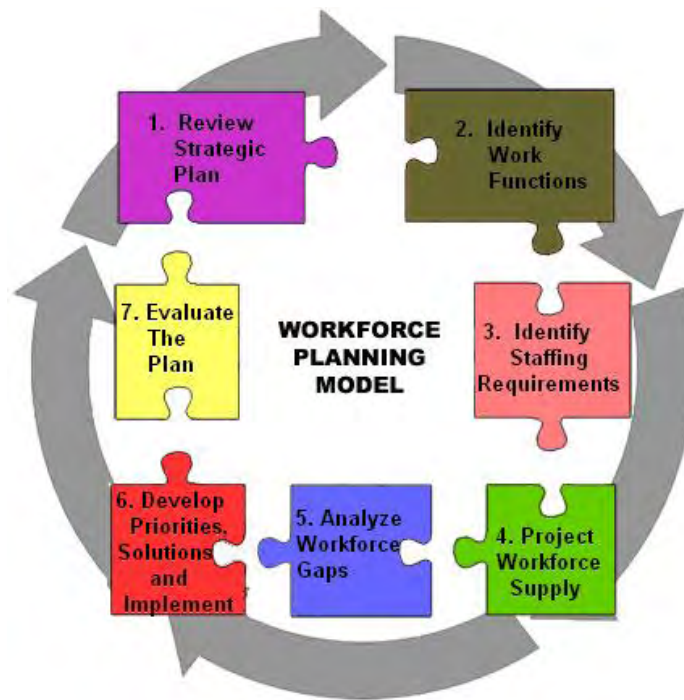
Many organizations, public and private, have developed workforce planning models. The terminology varies, and the numbers of steps range from four to nine, yet all models contain the same basic processes, and provide the same tools and considerations necessary for pro-active, comprehensive, strategic workforce planning.

The California Department of Personnel Administration (DPA) studied numerous models developed by other states, private entities, and the federal government. By gleaning the information most pertinent to state government, they developed this seven-step model as a resource for agencies and departments of the State of California.

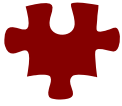
This model, as all others, relies on:

- Analyzing present workforce staffing and competencies;
- Identifying staffing and competencies needed in the future;
- Comparing the present workforce to future needs to identify gaps and surpluses;
- Preparation of plans for building the workforce needed in the future; and,
- Evaluating the process to assure that the workforce competency model remains valid and that objectives are met.

The rest of this booklet is devoted to the DPA Workforce Planning Model and describes the actions needed to complete each step.



DPA Model



STEP ONE – REVIEW THE STRATEGIC PLAN

Why this step is important: If you develop a workforce plan that meets only your current needs, your plan will be obsolete before you finish the plan.

Deliverable of Step One - A plan of where you want your organization to be in 3-5 years

Workforce planning depends upon, complements, and logically follows strategic planning.

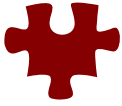
Strategic planning assists you in mapping where you are, where you're going, and how you plan to get there. Workforce planning identifies human resource needs and strategies that will be required for you to achieve your strategic goals.

The suggested actions below will assist you in beginning the process of developing your workforce plan.

Actions to Take

- Obtain decision regarding scope of the initial Workforce Plan; i.e. what part of the organization will be addressed
- Determine who will be responsible to lead the Workforce Planning effort
- Review Strategic Plan and goals of the organization to determine future direction. If your organization has not recently conducted a strategic planning effort, consider doing so. Without such an effort, it is difficult to anticipate changes in your organization's work and human resource needs.
- If strategic planning has not been completed begin the process by:
 - Performing an Environmental Scan which entails looking at changes to the internal and external factors that could occur in the future and how these changes could impact the workforce
 - Performing a SWOT (Strengths- attributes of the organization that are helpful to achieving strategic goals, Weaknesses - attributes of the organization that are detrimental to achieving strategic goals, Opportunities - *external* conditions that are helpful to achieving strategic goals, and Threats - *external* conditions that are detrimental to achieving strategic goals) analysis.

- Obtain data on the entire organization as well as data related to outside factors (events impacting your agency/organization, private sector trends, federal or local influences) so you can review demographic trends such as age, retirement eligibility, or potential organizational shifts, such as changes in how you do business. Develop a trend analysis and identify the potential impacts of the trends identified.
- Plan a meeting to introduce Workforce Planning to key stakeholders to discuss steps that will be followed during the planning effort and their roles and responsibilities:
 - Consider using the 'Change Readiness Tool'. It is important to know where your organization is right now in relation to accepting another change in order to develop an effective Workforce/Succession Program. The Change Readiness tool gives you a method to gauge your organization's readiness for change based on how well staff perceives your organization has managed change in the past. You will find a copy of the Change Readiness tool in the back of this guide.
 - Determine if you want to use the Change Readiness Tool with Senior Leadership, Middle Managers, rank and file or everyone in the organization



STEP TWO – IDENTIFY WORK FUNCTIONS

Why is this Step Important - To ensure that you are focusing on the appropriate work functions in your workforce/succession plan

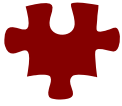
Deliverable of Step Two is a list of current and future functions that will be considered in the workforce plan and a list of current and future functions that will be discontinued.

Based on the information gathered in step one, identify the current work functions being performed, future or new functions that will need to be performed, and how the work will be performed in order to achieve the goals of your strategic plan.

Also important is identifying current functions, which your department will cease to perform in the future, or other functions that will be performed through the use of technology rather than human resources. As we all recognize, computer systems, and internet technology will continue to impact how individuals and departments carry out their jobs and missions.

Actions to Take

- Determine:
 - Which work functions will remain unchanged?
 - Which work functions may be discontinued?
 - What are the potential new work functions?
 - Will changes identified in Step 1 result in an increase or decrease of work in any function?
 - How might existing services or processes be enhanced or changed and what effect will that have on the work and human resource needs?
 - Will any functions be consolidated, simplified, or made more complex?
 - How will divisions, work units, and jobs be redesigned?
 - How does work currently flow into each department? Will this change?
 - What new services will be offered?
 - What technology changes will be made or new technologies introduced?
 - Are any reorganization's planned or needed?
 - Are there any plans to open new offices, relocate offices, or close existing offices?
 - How soon will changes be needed?
 - What is driving the change?



STEP THREE – IDENTIFY STAFFING REQUIREMENTS

Why is this step important – Determining the future staffing demand is essential to:

- **Ensure that you meet your strategic goals**
- **Meet customer expectations and maintain quality**
- **Identify the competencies (skills, knowledge, abilities and personal attributes) that are required of the future workforce to meet the business outcomes and maintain a qualified staff**

Deliverable of Step Three - A list of competencies matched to functions that will be used in solutions regarding staffing, training and development, or knowledge transfer

Now that you have identified the work functions that must be performed to achieve the goals of your strategic plan, it is time to identify the staffing, or workforce, needed to perform those functions.

First, focus on defining the competencies (i.e., skills, knowledge, abilities, and personal attributes) your staff must possess to successfully perform the functions identified in Step 2.

Second, determine the number of staff with those competencies that your organization will need to accomplish its functions.

Competencies may be defined organizationally or on an individual basis. Identifying those “core” competencies needed across the organization and by multiple job types allows you to focus on the most critical competencies needed for organizational success.

Individual competencies are those competencies necessary to succeed in an individual function or department. Individual and team competencies are critical components of organizational competencies. If the individual competencies are not compatible with the organization competencies, workforce planning will point out these gaps.

This workforce 'profile' will identify a set of competencies that describe the ideal workforce to accomplish the department's strategic plan. This set of competencies provides management and staff a common understanding of the skills and behaviors that are important to the department's future. Therefore, this profile plays a key role in decisions on recruiting, employee development, personal development, and performance management.

It is important that departments involve employees in identifying competencies. Employees will have a greater understanding and ownership of the competency model if they are involved in the process, and will understand clearly what the department expects of successful employees.

In addition to identifying competencies, determine the number of staff required. The following actions may assist you in quantifying your staffing requirements:

Actions to Take:

- Decide, based on the scope, if your team will develop leadership competencies. Leadership competencies are the skills, knowledge and abilities and personal attributes that are important for leaders of the organization to demonstrate or develop in order to be successful in their positions.
- Decide if your team will develop technical competencies. Technical competencies are the skills, knowledge and abilities required for effective performance in a specific job or to produce a set of work outputs
- If you are not developing competencies, develop an approach to determine Skills, Knowledge and Abilities required for the organization or individual positions now and in the future.
- What level of competency is needed to be effective in that function
- Determine how you will assess competencies of your current staff
 - What types of measurement tools will be needed to determine whether applicants/employees possess the desired level of competencies?
- Assess current staff competencies-Assessments can measure quality, speed, quantity, and completeness of function.
- Identify tools that transfer knowledge and build each competency to the desired level of performance, (i.e. if a necessary competency is expertise in Microsoft Word, then an advanced course in Microsoft Word may teach that competency).
- Determine:
 - What competencies do not have a knowledge transfer tool? (competency gap)
 - What are the projected workload volumes (e.g., telephone calls, client visits, client population increase, etc.)? Estimate how this might change based on future requirements.
 - What staffing levels will be required by competency and/or classification, division/section/unit, and geographic location? Will supervisor/staff ratios change?
 - What are the potential impacts of technology, budget constraints, retirements, or other factors on the competencies and staffing levels?



STEP FOUR – PROJECT WORKFORCE SUPPLY

Why this step is important – Determining the future workforce supply is essential to understanding existing staff's education and experience levels, anticipate future staff turnover and attrition and understand staffing vulnerabilities. It also is important to ensure a continued supply of staff with the necessary competencies to meet your strategic planning goals.

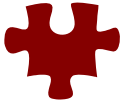
Deliverable of Step Four - A list of staff eligible for retirement with list of competencies and functions associated with those potential vacancies

Projecting your workforce supply consists of developing a profile of the current workforce, and projecting what that profile will be in the future after expected attrition. This profile assumes no hiring to replace employees who leave.

Actions to Take

- Develop a profile of your current workforce which includes:
 - Number of employees
 - Key Competencies
 - Classifications and salaries
 - Age, gender, ethnicity
 - Location
 - Typical educational level
 - Appointment status (permanent, temporary, etc.)
- In order to determine your future workforce supply, calculate past attrition by adding up the number of employees who left the agency in a year and divide by the total number of employees. Include:
 - Retirements
 - Resignations
 - Deaths
 - Transfers
 - Interdepartmental promotions
 - Dismissals
 - Rejections on Probation
- Determine variables that could impact your future workforce including:
 - Estimated demographic factors (e.g., the aging of the work force)
 - Historical patterns of attrition (past attrition may or may not be an accurate predictor of future attrition)
 - Economy – a declining economy may bring more people to civil service
 - Industry changes--a surge in demand for people in occupations you employ may make recruitment and retention very difficult
 - Funding for critical positions--are they funded from the general fund or through grants or federal funding? Are there any anticipated changes in the funding stream?

- Benefits--Do you have employees in classifications that may retire at 50 instead of 55?
 - Geography--Where positions are physically located may impact the ability to recruit and retain your workforce
- Based on the existing demographics and projected attrition rates by classification/competencies, determine the future composition of the workforce without factoring in any hiring



STEP FIVE – ANALYZE WORKFORCE GAPS

Why this step is important – A gap analysis is the foundation of determining the gap between your workforce supply and demand. Gap analysis is essential to successfully completing Step 6 – Developing Priorities and Solutions. Without identifying your gaps you will not be in a position to effectively develop the solutions that will rectify your gaps.

Deliverable of Step Five – A clear understanding of the gaps your organization has in both staffing and skills. Prioritized lists of gaps that will assist you in the development of solutions and strategies for your workforce plan.

This step requires you to compare your projection of the existing workforce adjusted for attrition, with the number of staff required to perform the work functions, as identified in Step 3, Identify Staffing Requirements.

A gap analysis determines the gap between your workforce supply and demand. The result reveals any gaps and surpluses in staffing levels and competencies needed to perform your organization's functions. For example, you might find

- Excess staff performing obsolete or declining functions.
- Inadequate supply of qualified personnel for positions in classifications that will likely remain the same
- Inadequate supply of personnel with needed competencies for positions described within an existing classification

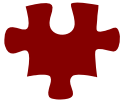
Actions To Take

- Conduct a Gap analysis. A gap analysis consists of: (1) Assessment of the **Current Supply** of human capital, (2) Factor in **Variables and Assumptions**, which include retirements, resignations, and transfers. Also consider changes that you assume will occur, such as major projects that are planned that will impact your workforce needs, other changes that could cause you to need more or less workforce, changes in availability of certain professions such as nurses and engineers. This information will help you determine (3) **Future demand**. To determine the (4) Gap you subtract your current supply from your future demand.
- Once you measure the extent of any gaps for each classification and competency set, identify where candidates will come from to fill those gaps. Consider the following questions:
 - Is it possible to match competencies for declining functions to new functions or shortage areas?
 - For classifications that will be filled via promotion, what are the qualifying and possible qualifying classifications and competencies that feed into the promotional classifications?

- What classifications are sources of transfer candidates?
- What would occur if the gap is not addressed (i.e. what critical business outcomes will not be met?)
- Decide if you need to have gap analysis validated by leaders in the department(s) where the gaps reside. If yes, determine how validation will occur.

Use the answers to the questions above and below to analyze the gaps between work functions and workforce:

- Is recruiting matching our priorities?
- Is the exam schedule matching our priorities?
- Do we have clear career paths into our critical gap areas?
- Are there current eligible lists for the classification(s) involved? If so, when are they scheduled to expire?
- Are the exams designed to rank the people with the most critical competencies highest?
- If the present list will still be in effect for the planning horizon, how suitable are the available eligibles and how many are still likely to be on the list when they are needed?
- Does the exam and interview process result in obtaining people with the right competencies to fill the mission critical gaps?
- When will the next exam be held? How will the exam cycle contribute or detract from the agency's ability to appoint qualified candidates?
- Where there is no appropriate classification to provide the competencies needed, to what extent does the projected workforce provide these competencies? Determine the estimated number of qualified people, considering likely qualifying classifications, and the estimated number that would pass an appropriate exam. This assumes that the positions would be in the competitive class.
- Are our knowledge transfer methods (i.e. training) working to teach or build capabilities in the critical competency areas?
- Do we have training or knowledge transfer methods for our future competencies defined?
- For classifications tested on an open competitive basis, how many staff would need to be recruited externally? In what general occupations, industries, and locations are these staff needed?
- How many staff, by classification, will no longer be needed to perform their current functions(s)?
- How is our retention program performing, especially in the critical competency/workforce areas?
- If people are leaving other than for retirement or promotion, why?



STEP SIX – DEVELOP PRIORITIES, SOLUTIONS AND IMPLEMENT

Why this step is important – In order to develop solutions that use available resources wisely, it is essential to determine the most critical future workforce gaps and develop solutions that enable you to:

- **Continue to meet the department’s strategic goals and meet critical business outcomes**
- **Target recruitment and retention efforts to specific levels of staff that possess the right knowledge, skills, and abilities**

Deliverable of Step Six – A prioritized list of solutions and an implementation plan of short and long term plans and strategies to fill the future workforce gaps. Implementation of solutions begins in Step Six.

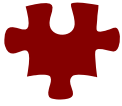
Actions to Take

- Brainstorm and prioritize solutions that resolve the major gaps identified. Solutions usually fall in the following broad categories:
 - Position classification actions: including consolidating classifications, redefining classification series, or establishing new classifications.
 - Staff development strategies: to prepare employees for positions or classifications identified in the Workforce Plan.
 - Recruitment/selection strategies: to find and hire recent graduates or qualified candidates from other departments or the private sector. Improve examination results for open competitive or promotional exams through modified minimum qualifications, exam scope, and measurement tools.
 - Retention strategies: to encourage employees to stay in the organization.
 - Organizational interventions: such as redeployment of staff or reorganization.
 - Knowledge transfer strategies: to capture the knowledge of experienced employees before they leave the department.
 - Collaboration with other State Agencies/Departments to see how they are addressing gaps. Teaming up may save money and time.
- Decide which solutions will be recommended to senior leadership for approval

- Develop a description of each solution that includes:
 - The gap each solution addresses
 - General implementation steps
 - Approximate completion date
 - Estimated budget & resources needed for implementation
 - Communication Plan
- Once you have approval to implement solutions:
 - Clarify roles and responsibilities for implementing solutions. This includes identifying who will be involved in implementing specific aspects of the plan, and identifying the need for coordination among different segments of the department/organization or with different entities.
 - Establish acceptable timelines
 - Define performance measures/milestones and expected deliverables
 - Communicate the plan. The basis of the plan, as well as its elements, should be communicated to all employees. Include why and how it was developed, how it will be applied, and how it will impact staff.

Implement The Plan

- Executive sponsorship is a must
- Follow change management practices to ensure buy-in
- Involve your change agents very early on in the process
- Implement a communication plan to ensure executive sponsorship and that stakeholders are aware and informed of each milestone
- Follow a project plan/timeline with clear deliverables and milestones



STEP SEVEN – EVALUATE THE PLAN

Why This Step is Important – It is essential to evaluate if all components of the program are effective and accomplishing appropriate outcomes

Deliverable of Step Seven – A list of measurements for your program and an evaluation methodology

Once you implement solutions, evaluate your efforts in order to ensure:

- You are meeting your objectives
- You are closing the workforce gaps
- Process improvements you have established as part of the plan are being constantly evaluated
- The cost effectiveness of the solutions
- A documented history of your workforce program is created and maintained
- That internal and external clients and the organization as whole are benefiting from the program

Actions to Take

- For each solution develop success measures that include:
 - Who will use the results?
 - How will the results be used?
 - What results does your agency/department expect from the solution?
 - Who will be responsible to ensure that evaluation occurs?
- Determine evaluation methodology
- Choose who will be on the evaluation team and who will be responsible for ensuring evaluation occurs and reports developed:
 - Add this information to the description of each solution created in Step 6
- Determine methodology to present information to both staff and leadership. Methodology should include:
 - Who will present the information
 - Method of presentation
- You may want to consider:
 - Preparing annual reports of the workforce plan to share with management;
 - Reviewing workforce profiles annually to address new priorities and adjust strategies to maximize results; and
 - Collecting data on customer satisfaction and program progress to measure how workforce planning contributes to your organization's long-term goals.

Additional Resources

Department of Personnel Administration

www.dpa.ca.gov

State Personnel Board

www.spb.ca.gov

California Network of Learning Professionals

www.statetraining.ca.gov

Georgia Merit System

Workforce Planning

http://www.gms.state.ga.us/agency services/retention/wfp_index.asp

New York State Governor's Office of Employee Relations

Work Force and Succession Planning Guide

<http://www.cs.state.ny.us/successionplanning/planning/index.html>

State of Texas

Workforce Planning Guide

<http://www.hr.state.tx.us/workforce/guide.html>

State of Wisconsin

Workforce Planning for Wisconsin State Government

<http://workforceplanning.wi.gov>

State of Washington

Workforce Guidelines and Model

<http://hr.dop.wa.gov/workforceplanning/Default.htm>

Commonwealth of Virginia

Department of Human Resource Management

Workforce Planning Guide

<http://www.dhrm.virginia.gov/workforceplanning.html>

Federal Gov't - Office of Human Resources

Assistant Secretary for Management and Budget

<http://www.hhs.gov/ohr/workforce/wfpguide.html>

United States Office of Personnel Management

OPM Workforce Planning

5 Step Workforce Planning Model

https://www.opm.gov/hcaaf_resource_center/3-4.asp